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UNCLAS SECTION 01 OF 02 YEREVAN 000165

SIPDIS

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SUBJECT: MFA ENTHUSIASTIC ABOUT ISTANBUL-YEREVAN
FLIGHTS

REF: 03 ISTANBUL 1847

1. (U) Sensitive But Unclassified. Please treat accordingly.

SUMMARY

2. (SBU) MFA officials told us recently that they consider the weekly Yerevan-Istanbul flights an important part of efforts to improve relations between the two countries. MFA Turkey Desk Officer Anahit Harutunyan said the MFA is "more than a little enthusiastic" about this and future travel routes with Turkey, including new charter flights operated by Tower Aviation. Post research revealed that local travel agencies are aware of the Tower Aviation flights, but Armavia's well-established marketing strategy gives it a clear advantage in the Armenian market. End summary.

MFA ENTHUSIASTIC ABOUT ISTANBUL-YEREVAN FLIGHTS

3. (SBU) MFA officials told us recently that weekly Yerevan-Istanbul flights are an important part of efforts to improve relations between the two countries. MFA Turkey Desk Officer Anahit Harutunyan conveyed the MFA's enthusiasm about the popularity and commercial viability of these flights. She pointed to their success as an indication of things to come once the Turkish-Armenian border is opened and other travel routes are established. Harutunyan said the MFA was watching the newly established Tower Aviation flights with great interest (reftel). She said she was aware of marketing obstacles Tower Aviation had experienced from the Armenian side while starting up its operations. MFA Middle East Department Head Karen Mirzoyan confirmed the GOAM's position that more flights were good for the local economy and evolving bilateral relations and therefore had full MFA support.

ARMAVIA'S MARKETING GIVES IT AN ADVANTAGE

4. (U) Despite the existence of two travel options to Istanbul from Armenia, Armavia Airways appears to maintain a strong hold on the local market through well-established marketing ties with travel agencies. (Note: Russian SibAir owns 70 percent of Armavia while a local Armenian investor owns the remaining 30 percent. Armavia operates slightly more than half of the international flights departing Yerevan, followed by Aeroflot, British and Austrian Airlines. End note.) Post research revealed that local travel agents were aware of Tower Aviation's route to Istanbul from Yerevan but were more comfortable with booking tickets on Armavia. Travel agents said they would be more willing to use Tower Aviation once it demonstrated a reliable track record and offered promotional materials and specials similar to Armavia's. There did not appear to be overt systemic obstacles to purchasing a Tower Aviation ticket from Armenia. One travel agent reported a technical "glitch," however, that made reservations on Tower Aviation more labor-intensive since Tower Aviation listed itself as a charter and not regular commercial airline.

A SNAPSHOT OF PEOPLE-TO-PEOPLE CONNECTIONS

5. (SBU) Customers aboard the Yerevan-Istanbul

flights are mostly Armenian "suitcase traders" who purchase goods in Turkey for resale in Armenia (reftel). An informal survey by Post of one of the flights in mid-December 2003 revealed that 60 percent of travelers were textile merchants while 30 percent operated small household electronics or novelty businesses. The remaining travelers were executives or Turkish-Armenians visiting family in either country. Only a handful of travelers were Turkish citizens returning from Yerevan. The majority of business travelers did not speak Turkish but claimed it did not hamper their ability to operate in Turkey. They claimed that Turkish-Armenian friends or relatives often serve as translators for Armenians during these buying trips. According to one Armenian traveler, anti-Armenian discrimination did not pose a problem while in Turkey "unless conversation changes to politics or history." "We make better business partners than friends," he told Poloff.

COMMENT

16. (SBU) Flights between Yerevan and Istanbul provide the most consistent examples of successful Armenian-Turkish linkages at the grassroots level. FM Oskanian reportedly points to these flights during meetings with Turkish FM Gul as proof that open borders between the two countries will bring commercial success. The MFA, while aware of important Armenian business interests in Armavia, appears more interested in increasing travel routes between the two countries than in protecting any single business interest. Tower Aviation's obstacles in getting off the ground in Armenia appear more directly related to marketing problems than systemic pressure from the GOAM. End comment.

17. (U) This cable has been coordinated with Embassy Ankara.
ORDWAY